
HOUSE BILL 2869

State of Washington

61st Legislature

2010 Regular Session

By Representatives McCoy and Wallace

Read first time 01/15/10. Referred to Committee on Technology, Energy & Communications.

1 AN ACT Relating to incentives for hydrokinetic energy; and amending
2 RCW 82.16.110 and 82.16.120.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 82.16.110 and 2009 c 469 s 504 are each amended to
5 read as follows:

6 The definitions in this section apply throughout this chapter
7 unless the context clearly requires otherwise.

8 (1)(a) "Community solar project" means:

9 (i) A solar energy system owned by local individuals, households,
10 nonprofit organizations, or nonutility businesses that is placed on the
11 property owned by a cooperating local governmental entity that is not
12 in the light and power business or in the gas distribution business; or

13 (ii) A utility-owned solar energy system that is voluntarily funded
14 by the utility's ratepayers where, in exchange for their financial
15 support, the utility gives contributors a payment or credit on their
16 utility bill for the value of the electricity produced by the project.

17 (b) For the purposes of "community solar project" as defined in (a)
18 of this subsection:

1 (i) "Nonprofit organization" means an organization exempt from
2 taxation under Title 26 U.S.C. Sec. 501(c)(3) of the federal internal
3 revenue code of 1986, as amended, as of January 1, 2009; and

4 (ii) "Utility" means a light and power business, an electric
5 cooperative, or a mutual corporation that provides electricity service.

6 (2) "Customer-generated electricity" means a community solar
7 project or the alternating current electricity that is generated from
8 a renewable energy system located on an individual's, businesses', or
9 local government's real property that is also provided electricity
10 generated by a light and power business. Except for community solar
11 projects, a system located on a leasehold interest does not qualify
12 under this definition. "Customer-generated electricity" does not
13 include electricity generated by a light and power business with
14 greater than one thousand megawatt hours of annual sales or a gas
15 distribution business.

16 (3) "Economic development kilowatt-hour" means the actual kilowatt-
17 hour measurement of customer-generated electricity multiplied by the
18 appropriate economic development factor.

19 (4) "Hydrokinetic energy system" means a device that generates
20 electricity from waves or directly from the flow of water in ocean
21 currents, tides, inland waterways, nonfish-bearing canals, or
22 irrigation districts, that does not require the impoundment or
23 diversion of water.

24 (5) "Local governmental entity" means any unit of local government
25 of this state including, but not limited to, counties, cities, towns,
26 municipal corporations, quasi-municipal corporations, special purpose
27 districts, and school districts.

28 ((+5)) (6) "Photovoltaic cell" means a device that converts light
29 directly into electricity without moving parts.

30 ((+6)) (7) "Renewable energy system" means a solar energy system,
31 a hydrokinetic energy system, an anaerobic digester as defined in RCW
32 82.08.900, or a wind generator used for producing electricity.

33 ((+7)) (8) "Solar energy system" means any device or combination
34 of devices or elements that rely upon direct sunlight as an energy
35 source for use in the generation of electricity.

36 ((+8)) (9) "Solar inverter" means the device used to convert
37 direct current to alternating current in a photovoltaic cell system.

1 (~~(9)~~) (10) "Solar module" means the smallest nondivisible self-
2 contained physical structure housing interconnected photovoltaic cells
3 and providing a single direct current electrical output.

4 **Sec. 2.** RCW 82.16.120 and 2009 c 469 s 505 are each amended to
5 read as follows:

6 (1) Any individual, business, local governmental entity, not in the
7 light and power business or in the gas distribution business, or a
8 participant in a community solar project may apply to the light and
9 power business serving the situs of the system, each fiscal year
10 beginning on July 1, 2005, for an investment cost recovery incentive
11 for each kilowatt-hour from a customer-generated electricity renewable
12 energy system. No incentive may be paid for kilowatt-hours generated
13 before July 1, 2005, or after June 30, 2020.

14 (2)(a) Before submitting for the first time the application for the
15 incentive allowed under subsection (4) of this section, the applicant
16 must submit to the department of revenue and to the climate and rural
17 energy development center at the Washington State University,
18 established under RCW 28B.30.642, a certification in a form and manner
19 prescribed by the department that includes, but is not limited to, the
20 following information:

21 (i) The name and address of the applicant and location of the
22 renewable energy system;

23 (ii) The applicant's tax registration number;

24 (iii) That the electricity produced by the applicant meets the
25 definition of "customer-generated electricity" and that the renewable
26 energy system produces electricity with:

27 (A) Any solar inverters and solar modules manufactured in
28 Washington state;

29 (B) A wind generator powered by blades manufactured in Washington
30 state;

31 (C) A solar inverter manufactured in Washington state;

32 (D) A solar module manufactured in Washington state; (~~(E)~~)

33 (E) A hydrokinetic energy system manufactured in Washington state;

34 or

35 (F) Solar or wind equipment manufactured outside of Washington
36 state;

1 (iv) That the electricity can be transformed or transmitted for
2 entry into or operation in parallel with electricity transmission and
3 distribution systems;

4 (v) The date that the renewable energy system received its final
5 electrical permit from the applicable local jurisdiction.

6 (b) Within thirty days of receipt of the certification the
7 department of revenue must notify the applicant by mail, or
8 electronically as provided in RCW 82.32.135, whether the renewable
9 energy system qualifies for an incentive under this section. The
10 department may consult with the climate and rural energy development
11 center to determine eligibility for the incentive. System
12 certifications and the information contained therein are subject to
13 disclosure under RCW 82.32.330(3)(m).

14 (3)(a) By August 1st of each year application for the incentive
15 shall be made to the light and power business serving the situs of the
16 system by certification in a form and manner prescribed by the
17 department that includes, but is not limited to, the following
18 information:

19 (i) The name and address of the applicant and location of the
20 renewable energy system;

21 (ii) The applicant's tax registration number;

22 (iii) The date of the notification from the department of revenue
23 stating that the renewable energy system is eligible for the incentives
24 under this section;

25 (iv) A statement of the amount of kilowatt-hours generated by the
26 renewable energy system in the prior fiscal year.

27 (b) Within sixty days of receipt of the incentive certification the
28 light and power business serving the situs of the system shall notify
29 the applicant in writing whether the incentive payment will be
30 authorized or denied. The business may consult with the climate and
31 rural energy development center to determine eligibility for the
32 incentive payment. Incentive certifications and the information
33 contained therein are subject to disclosure under RCW 82.32.330(3)(m).

34 (c)(i) Persons receiving incentive payments shall keep and
35 preserve, for a period of five years, suitable records as may be
36 necessary to determine the amount of incentive applied for and
37 received. Such records shall be open for examination at any time upon
38 notice by the light and power business that made the payment or by the

1 department. If upon examination of any records or from other
2 information obtained by the business or department it appears that an
3 incentive has been paid in an amount that exceeds the correct amount of
4 incentive payable, the business may assess against the person for the
5 amount found to have been paid in excess of the correct amount of
6 incentive payable and shall add thereto interest on the amount.
7 Interest shall be assessed in the manner that the department assesses
8 interest upon delinquent tax under RCW 82.32.050.

9 (ii) If it appears that the amount of incentive paid is less than
10 the correct amount of incentive payable the business may authorize
11 additional payment.

12 (4) Except for community solar projects, the investment cost
13 recovery incentive may be paid fifteen cents per economic development
14 kilowatt-hour unless requests exceed the amount authorized for credit
15 to the participating light and power business. For community solar
16 projects, the investment cost recovery incentive may be paid thirty
17 cents per economic development kilowatt-hour unless requests exceed the
18 amount authorized for credit to the participating light and power
19 business. For the purposes of this section, the rate paid for the
20 investment cost recovery incentive may be multiplied by the following
21 factors:

22 (a) For customer-generated electricity produced using solar modules
23 manufactured in Washington state or a hydrokinetic energy system
24 manufactured in Washington state, two and four-tenths;

25 (b) For customer-generated electricity produced using a solar or a
26 wind generator equipped with an inverter manufactured in Washington
27 state, one and two-tenths;

28 (c) For customer-generated electricity produced using an anaerobic
29 digester, or by other solar equipment or using a wind generator
30 equipped with blades manufactured in Washington state, one; and

31 (d) For all other customer-generated electricity produced by wind,
32 eight-tenths.

33 (5) No individual, household, business, or local governmental
34 entity is eligible for incentives provided under subsection (4) of this
35 section for more than five thousand dollars per year. Each applicant
36 in a community solar project is eligible for up to five thousand
37 dollars per year.

1 (6) If requests for the investment cost recovery incentive exceed
2 the amount of funds available for credit to the participating light and
3 power business, the incentive payments shall be reduced
4 proportionately.

5 (7) The climate and rural energy development center at Washington
6 State University energy program may establish guidelines and standards
7 for technologies that are identified as Washington manufactured and
8 therefore most beneficial to the state's environment.

9 (8) The environmental attributes of the renewable energy system
10 belong to the applicant, and do not transfer to the state or the light
11 and power business upon receipt of the investment cost recovery
12 incentive.

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